

# [Committee Print]

JUNE 1, 2006

## TEXT OF H.R. 5039

**As ordered reported by Subcommittee on Housing and  
Community Opportunity on May 23, 2006**

1 **SEC. 1. SHORT TITLE.**

2       This Act may be cited as the “Saving America’s  
3 Rural Housing Act of 2006”.

4 **SEC. 2. FINDINGS AND PURPOSES.**

5       (a) FINDINGS.—The Congress finds that—

6           (1) section 502(c) of the Housing Act of 1949  
7 restricts the rights of certain owners of projects for  
8 which loans were made or insured under section 515  
9 of such Act to prepay such loans;

10          (2) expensive litigation against the Department  
11 of Agriculture has cost the taxpayers of the United  
12 States millions of dollars to date, funds that would  
13 be better spent preserving affordable multifamily  
14 housing;

15          (3) if such section 502(c) is partially repealed  
16 and the prepayment restrictions are eliminated for  
17 multifamily housing loans made before 1989 under  
18 section 515, it is expected, according to a report,



1       that approximately 10 percent of the portfolio of  
2       such loans would be prepaid and those projects  
3       would leave the program;

4           (4) the average age of a multifamily housing  
5       project with a section 515 loan is 28 years, and  
6       therefore much of the portfolio of such projects is  
7       aging and in need of revitalization, while the need  
8       for affordable rural housing is increasing;

9           (5) section 515 projects house some of the  
10      poorest families in rural America, with almost 60  
11      percent of the units occupied by senior citizens or  
12      persons with disabilities and an average annual  
13      household income among all occupants of approxi-  
14      mately \$10,000;

15          (6) in many small towns and communities, rent-  
16      al housing financed by direct loans under section  
17      515 is the only decent, affordable rental housing  
18      available.; and

19          (7) consequently, any revitalization or disposi-  
20      tion of this portfolio, which houses nearly 450,000  
21      low-income families and seniors, should be handled  
22      with great care.

23      (b) PURPOSES.—The purposes of this Act are—

24          (1) to authorize the Secretary of Agriculture to  
25      carry out a program that encourages, to the extent



1 practicable, the retention of section 515 housing  
2 project developments for long-term use and the re-  
3 pair and preservation of such properties, and en-  
4 sures that the minimum number of residents are dis-  
5 placed;

6 (2) to repeal a portion of section 502(c) of the  
7 Housing Act of 1949 to avoid further costly litiga-  
8 tion against the Department of Agriculture;

9 (3) to preserve the availability of affordable  
10 rural housing by providing a voluntary mechanism  
11 for owners of multifamily rural housing projects with  
12 loans under section 515 to enter into loan restruc-  
13 turing agreements with the Secretary to provide cap-  
14 ital for revitalization activities; and

15 (4) to provide for affordable rents for tenants  
16 who live in such projects that are revitalized under  
17 this Act and to protect tenants who live in such  
18 projects for which the loan is prepaid.

19 **SEC. 3. REVITALIZATION OF MULTIFAMILY HOUSING.**

20 (a) REVITALIZATION PROGRAM.—Title V of the  
21 Housing Act of 1949 (42 U.S.C. 1471 et seq.) is amended  
22 by adding at the end the following new section:

23 **“SEC. 544. REVITALIZATION AND TENANT PROTECTION**  
24 **VOUCHERS.**

25 “(a) PURPOSE.—The purposes of this section are—



1 “(1) to protect tenants who live in multifamily  
2 housing projects that are subsidized under this title  
3 and, in the case of prepayments of loans under sec-  
4 tion 515, to protect tenants that are displaced when  
5 the projects cease being eligible projects;

6 “(2) to strengthen the long-term viability of eli-  
7 gible projects;

8 “(3) to promote the revitalization of rural mul-  
9 tifamily housing projects; and

10 “(4) to accomplish such several purposes—

11 “(A) by providing a voluntary mechanism  
12 for project owners to enter into loan restruc-  
13 turing agreements with the Secretary to obtain  
14 new types of financial assistance to rehabilitate  
15 and maintain the projects; and

16 “(B) by deregulating certain projects in a  
17 manner that still provides measurable perform-  
18 ance standards and effective financing and re-  
19 habilitation of multifamily housing.

20 “(b) REVITALIZATION.—

21 “(1) IN GENERAL.—The Secretary shall, sub-  
22 ject to the availability of amounts appropriated,  
23 carry out a revitalization program in accordance  
24 with this subsection to provide financial incentives  
25 and other assistance to owners of eligible projects



1 through voluntary long-term use agreements entered  
2 into between the project owners and the Secretary.

3 “(2) APPLICATIONS TO PARTICIPATE.—The  
4 Secretary may accept applications from owners of el-  
5 igible projects to participate in the revitalization pro-  
6 gram under this section.

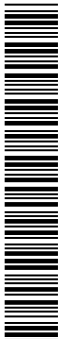
7 “(3) LONG-TERM VIABILITY PLAN.—

8 “(A) REQUIREMENT.—The Secretary may  
9 prepare and approve a long-term viability plan  
10 under this paragraph with respect to each eligi-  
11 ble project for which the owner requests to par-  
12 ticipate.

13 “(B) CONTENTS.—Each long-term viability  
14 plan for an eligible project shall include the fol-  
15 lowing information:

16 “(i) PHYSICAL NEEDS ASSESSMENT.—  
17 A physical needs assessment of the project  
18 that identifies and projects, for the fol-  
19 lowing 20 years—

20 “(I) all necessary repairs, im-  
21 provements, maintenance, and man-  
22 agement standards for the project,  
23 and when they will be made, in order  
24 to meet the requirements of this title;  
25 and



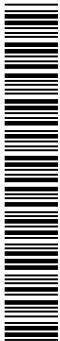
1 “(II) the costs associated with  
2 the items referred to in this subpara-  
3 graph (A).

4 “(ii) FINANCIAL PLAN.—A financial  
5 plan for the project that—

6 “(I) reviews the financial stability  
7 of the project;

8 “(II) includes the loan restruc-  
9 turing elements, rent adjustments,  
10 management and operational effi-  
11 ciencies, and other financial adjust-  
12 ments to the project that are nec-  
13 essary to cover operating expenses for  
14 the project and maintain an adequate  
15 financial reserve for the future main-  
16 tenance and capital needs of the  
17 project;

18 “(III) provides the project owner  
19 with a long-term rate of return on  
20 new capital, as determined by the Sec-  
21 retary, commensurate to comparable  
22 commercial multifamily housing  
23 projects;



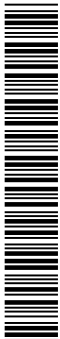
1 “(IV) meets the physical needs  
2 for the project determined under the  
3 physical needs assessment;

4 “(V) ensures that rents available  
5 under the plan are affordable to eligi-  
6 ble households in accordance with  
7 paragraph (7); and

8 “(VI) addresses any costs associ-  
9 ated with any temporary tenant dis-  
10 placement resulting from renovations  
11 or rehabilitation undertaken as a re-  
12 sult of participation of the project in  
13 the revitalization program.

14 “(C) DEVELOPMENT THROUGH PARTICI-  
15 PATING ADMINISTRATIVE ENTITIES.—The Sec-  
16 retary may develop long-term viability plans  
17 through the use of third-party participating ad-  
18 ministrative entities, who may be a private con-  
19 tractor, a State housing finance agency, or a  
20 nonprofit organization.

21 “(D) REVITALIZATION DETERMINATION.—  
22 Based on the long-term viability plan for an eli-  
23 gible project, the Secretary shall determine  
24 whether to offer the project owner a financial  
25 restructuring plan under paragraph (4) and the



1 financial incentives to be included in any such  
2 plan offered.

3 “(E) FINAL REVIEW AND COMMENT.—  
4 With respect to any long-term viability plan  
5 prepared by the Secretary, the Secretary shall  
6 provide the project owner an opportunity to re-  
7 view the plan and discuss the plan with the Sec-  
8 retary or its agent before a determination is  
9 made under subparagraph (D).

10 “(F) FEES.—The Secretary may charge  
11 the project owner a fee for preparation of the  
12 long-term viability plan.

13 “(G) PAYMENT OF FEES.—If a long-term  
14 viability for a project is approved, the payment  
15 of such fee may be incorporated into a project  
16 owner’s financial restructuring plan for the  
17 project provided by the Secretary pursuant to  
18 paragraph (4)

19 “(4) FINANCIAL RESTRUCTURING PLAN; REVI-  
20 TALIZATION INCENTIVES.—Based on the long-term  
21 viability plan for an eligible project, the Secretary  
22 may offer a project owner a financial restructuring  
23 plan for the project. Such a plan may include one  
24 or more of the following revitalization incentives:





1           “(A) Reduction or elimination of interest  
2           on the loan or loans for the project made under  
3           section 515.

4           “(B) Partial or full deferral of payments  
5           due under such loan or loans.

6           “(C) Forgiveness of such loan or loans.

7           “(D) Subordination of such loan or loans,  
8           subject to such terms and conditions as the  
9           Secretary shall determine.

10          “(E) Reamortization of loan payments  
11          under such loan or loans over extended terms.

12          “(F) A grant from the Secretary for the  
13          project.

14          “(G) Payment of project costs associated  
15          with developing the long-term viability plan.

16          “(H) Opportunity for project owners to ob-  
17          tain further investment equity from third par-  
18          ties in the project.

19          “(I) A direct loan or guarantee of a loan  
20          for the project, with a subsidized interest rate  
21          without regard to the value of the project.

22          “(5) LONG-TERM USE AGREEMENT.—

23                 “(A) IN GENERAL.—If the owner of an eli-  
24                 gible project agrees to the terms of a financial  
25                 restructuring plan for the project providing re-



1 vitalization benefits under paragraph (4), in ex-  
2 change for such benefits, the Secretary and the  
3 project owner shall enter into a long-term use  
4 agreement under this paragraph for the project.

5 “(B) AGREEMENT.—A long-term use  
6 agreement for an eligible project shall include—

7 “(i) the terms of the financial restruc-  
8 turing plan for the project, including any  
9 revitalization incentives to be provided;

10 “(ii) an agreement by the project  
11 owner—

12 “(I) to continue the property use  
13 restrictions with respect to the project  
14 in accordance with this title for a pe-  
15 riod of (aa) 20 years, or (bb) the re-  
16 maining term of any loans under this  
17 title for the project, whichever ends  
18 later;

19 “(II) to comply with the long-  
20 term viability plan for the project;

21 “(III) to comply with the rent  
22 terms under paragraph (7) for the  
23 project; and



1 “(IV) to make value payments  
2 under paragraph (6) to the Secretary,  
3 and the terms of such payments;

4 “(iii) provisions terminating the  
5 agreement if any revitalization incentives  
6 for the project to be provided under the  
7 agreement are no longer available and the  
8 Secretary determines that such unavail-  
9 ability is not the fault of the owner;

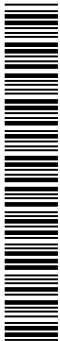
10 “(iv) any rent terms for the project  
11 pursuant to paragraph (7);

12 “(v) a covenant which runs with the  
13 land; and

14 “(vi) such other terms as the Sec-  
15 retary determines are necessary to imple-  
16 ment the purposes of this section.

17 “(6) SHARED VALUE AGREEMENTS.—Each  
18 long-term use agreement shall include a shared value  
19 agreement secured by the property of the eligible  
20 project that is the subject of the long-term use  
21 agreement, which shall determine how proceeds are  
22 divided at the end of the term of the loan and shall  
23 require the project owner, at the end of such loan  
24 term, to pay the lesser of—

25 “(A) the sum of—



1 “(i) the amounts of any loan  
2 writedowns, write-offs, and interest sub-  
3 sidies provided in connection with the loan  
4 restructuring under this subsection, at the  
5 closing of revitalization;

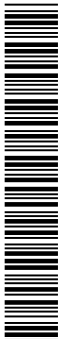
6 “(ii) any outstanding principal and in-  
7 terest; and

8 “(iii) any non-loan funds provided by  
9 the Secretary under this subsection; or

10 “(B) 75 percent of the appraised value of  
11 the eligible project.

12 “(7) RENTS UNDER LONG-TERM USE AGREE-  
13 MENT.—In any eligible project that is subject to a  
14 long-term use agreement, rents for eligible house-  
15 holds shall comply with the following requirements:

16 “(A) MINIMUM RENT.—The Secretary, act-  
17 ing through the director of the applicable local  
18 agency or office of the Department responsible  
19 for carrying out the programs under this title  
20 in such area, may provide that each eligible  
21 household is charged a minimum monthly rent  
22 in an amount determined by such local director  
23 that does not in any case exceed \$25. The Sec-  
24 retary may allow exceptions to such minimum  
25 rent for an eligible household or groups of eligi-



1 ble households for demonstrated hardship, as  
2 determined by the Secretary, which hardship  
3 exceptions, if allowed by the Secretary, shall in-  
4 clude the hardship exceptions provided or estab-  
5 lished by the Secretary of Housing and Urban  
6 Development, as appropriate, under subclauses  
7 (I) through (V) of section 3(a)(3)(B)(i) of the  
8 United States Housing Act of 1937 (42 U.S.C.  
9 1437a(a)(3)(B)(i)).

10 “(B) MAXIMUM RENT.—Notwithstanding  
11 any minimum monthly rent established pursu-  
12 ant to subparagraph (A), the amount of month-  
13 ly rent charged to any eligible household may  
14 not exceed 30 percent of the adjusted income of  
15 the eligible household. Such local director may  
16 take such actions as may be necessary to verify  
17 tenant incomes for purposes of carrying out this  
18 subparagraph.

19 “(C) RENT ADJUSTMENTS.—The rents for  
20 eligible households may be increased or de-  
21 creased only on an annual basis and only in ac-  
22 cordance with standards incorporated in such  
23 agreement. The Secretary shall issue regula-  
24 tions establishing such standards, which shall  
25 include standards for rents that are considered



1           affordable for eligible households for the area in  
2           which a project is located and for establishing  
3           rents that conform to such standards.

4           “(8) LOWEST COST REQUIREMENT.—In deter-  
5           mining the terms of a restructuring plan, and the  
6           type and amount of revitalization benefits under  
7           such plan to approve under this subsection for an el-  
8           igible project, the Secretary shall, to the extent prac-  
9           ticable, approve assistance that imposes the least  
10          cost to the Secretary while meeting the requirements  
11          of the long-term viability plan for the project.

12          “(9) AUTHORIZATION OF APPROPRIATIONS.—  
13          There are authorized to be appropriated for each fis-  
14          cal year such sums as may be necessary to carry out  
15          the revitalization program under this subsection.

16          “(c) HOMEOWNERSHIP OPPORTUNITIES.—The owner  
17          of an eligible project may, in conjunction with revitaliza-  
18          tion of the project pursuant to this section, propose a sale  
19          to a tenant-based condominium or cooperative. Any such  
20          proposal shall be subject to a notice to tenants under  
21          terms that the Secretary shall establish.

22          “(d) DETERMINATION OF INELIGIBILITY.—

23                 “(1) PROCEDURE.—The Secretary may deter-  
24                 mine that a project owner is ineligible for participa-  
25                 tion in the revitalization program under this section



1 in accordance with the standards under paragraph  
2 (2).

3 “(2) STANDARDS.— The Secretary may deter-  
4 mine that a project owner is ineligible if—

5 “(A) the project owner has a history of  
6 poor management or maintenance of multi-  
7 family housing properties;

8 “(B) the project owner is in default on a  
9 loan made available under the section 514 or  
10 515 housing program;

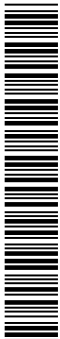
11 “(C) the Secretary is unable to enter into  
12 a long-term use agreement for the project that  
13 is the subject of the application with the project  
14 owner within a reasonable time;

15 “(D) the project owner is suspended or  
16 debarred from participating in Federal con-  
17 tracts or programs; or

18 “(E) the Secretary has other good cause  
19 for withholding from the project owner the ben-  
20 efits made available under this section.

21 “(e) DEFINITIONS.—For purposes of this section, the  
22 following definitions shall apply:

23 “(1) ELIGIBLE HOUSEHOLD.—The term ‘eligi-  
24 ble household’ means a household that, under sec-  
25 tion 515, is eligible to reside in a project funded



1 with a loan made by the Secretary under such sec-  
2 tion.

3 “(2) ELIGIBLE PROJECT.—The term ‘eligible  
4 project’ means a housing project funded with a loan  
5 made at any time by the Secretary under section  
6 515, the principal obligation of which has not been  
7 fully repaid.

8 “(3) PROJECT OWNER; OWNER.—The terms  
9 ‘project owner’ and ‘owner’ mean, with respect to an  
10 eligible project, an individual or entity, or principals  
11 thereof that own, or plan to purchase, the project.”.

12 (b) PRIORITY FOR SECTION 515 FINANCING.—Sub-  
13 section (j) of section 515 of the Housing Act of 1949 (42  
14 U.S.C. 1485(j)) is amended—

15 (1) by inserting “(1)” before “For”; and

16 (2) by adding at the end the following new  
17 paragraph:

18 “(2) The Secretary may give priority, in enter-  
19 ing into contracts under this section involving fi-  
20 nancing for new construction of a project, for  
21 projects located in areas having a need for afford-  
22 able low-income rental housing due to prepayment of  
23 loans made or insured under this section.”.

24 (c) PARTIAL REPEAL OF PREPAYMENT RESTRIC-  
25 TIONS; ADMINISTRATION OF PREPAYMENT REQUESTS.—





1 Section 502 of the Housing Act of 1949 (42 U.S.C. 1472)

2 is amended—

3 (1) in subsection (c)—

4 (A) by striking “or 515” each place such  
5 term appears;

6 (B) in paragraph (4)(B)—

7 (i) by striking clause (iv);

8 (ii) by redesignating clauses (v) and

9 (vi) as clauses (iv) and (v), respectively;

10 and

11 (iii) by realigning clause (v) (as so re-

12 designated by clause (ii) of this subpara-

13 graph) so as to be indented two ems from

14 the left margin; and

15 (C) in paragraph (5)(G)(i)(I), by striking

16 “, as the case may be,”; and

17 (2) by adding at the end the following new sub-

18 section:

19 “(i) PREPAYMENT OF SECTION 515 MULTIFAMILY

20 HOUSING LOANS.—

21 “(1) ADMINISTRATION.—

22 “(A) PLAN.—The Secretary shall develop a

23 plan to administer requests to prepay (not

24 made in connection with any revitalization

25 under section 544) any loan made under section



1           515. The plan shall provide for administration  
2           of voucher assistance in accordance with para-  
3           graph (3). The plan shall encourage and facili-  
4           tate owners of projects to maintain the projects,  
5           or to transfer projects to owners who will main-  
6           tain projects, as housing affordable to low-in-  
7           come residents, but shall not prevent an owner  
8           from prepaying.

9           “(B) IMPLEMENTATION.—The Secretary  
10          shall implement this subsection not later than  
11          the expiration of the 90-day period beginning  
12          on the date of the enactment of the Saving  
13          America’s Rural Housing Act of 2006. Notwith-  
14          standing that full implementation of this sub-  
15          section may not have been completed, the Sec-  
16          retary may not delay the processing of any re-  
17          quest to prepay a loan made under section 515.

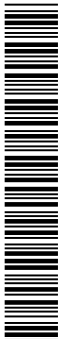
18          “(2) NOTICE OF PREPAYMENT OR SALE.—In  
19          preparation for prepayment of a loan made or in-  
20          sured under section 515, the project owner shall, not  
21          less than 90 days before the date of prepayment of  
22          the loan or sale of the project for which the loan was  
23          made, provide the following notices:



1           “(A) NOTICE TO TENANTS.—To the ten-  
2           ants of the project, notice of the prepayment, as  
3           follows:

4                   “(i) The notice shall include informa-  
5                   tion sufficient to inform each tenant of the  
6                   plan after prepayment for the project, in  
7                   which they reside as a tenant, and whether  
8                   such plan may result in, or is likely to re-  
9                   sult in, the tenant being required to move  
10                  and the earliest date that the tenant’s  
11                  lease will expire or the tenant may have to  
12                  move, and of the availability of vouchers  
13                  pursuant to paragraph (3), actions tenants  
14                  must take to receive voucher assistance,  
15                  the date prepayment is expected to take  
16                  place, a telephone number and electronic  
17                  mail address at which to contact the owner  
18                  of the project, and any limitations, use,  
19                  and other terms the Secretary considers  
20                  appropriate.

21                   “(ii) In the case of any prepayment  
22                   involving transfer of the ownership of a  
23                   project, the notice shall include the name  
24                   of the transferee, the date that the trans-  
25                   fer was agreed to, the date the transfer is



1 to take place, and telephone numbers and  
2 electronic mail addresses at which to con-  
3 tact the transferor and transferee.

4 “(B) NOTICE TO SECRETARY.—To the  
5 Secretary, notice that the requirements under  
6 subparagraph (A) have been met, which shall  
7 identify the date that notice under such sub-  
8 paragraph was made and the names of each  
9 tenant to which such notice was provided.

10 “(3) RURAL TENANT PROTECTION VOUCH-  
11 ERS.—

12 “(A) IN GENERAL.—In the case of a hous-  
13 ing project subject to a loan made under section  
14 515, if the loan is prepaid or foreclosed upon,  
15 the Secretary shall, to the extent that amounts  
16 for assistance under this paragraph are pro-  
17 vided in advance in appropriation Acts, offer  
18 voucher assistance to each low-income family  
19 who on the date that notice is provided in ac-  
20 cordance with paragraph (2)(A) is residing in a  
21 dwelling unit in the project.

22 “(B) USE.—A voucher under this para-  
23 graph for a family may be used for rental of a  
24 dwelling unit in the project that the family re-  
25 sides in on the date of the notice in accordance



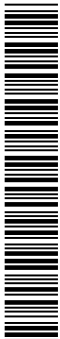
1 with paragraph (2)(A) or for a dwelling unit  
2 elsewhere. A voucher under this paragraph may  
3 be used only during the period that such family  
4 qualifies as a low-income family and otherwise  
5 remains eligible for such assistance.

6 “(C) RENEWAL.—Vouchers under this  
7 paragraph shall be renewed annually, subject to  
8 the availability of appropriations for such re-  
9 newal, during the period that the family as-  
10 sisted remains eligible for such assistance.

11 “(D) RIGHT TO USE.—In the case of a  
12 project for which a loan made under section  
13 515 is prepaid—

14 “(i) a family residing in such project  
15 on the date of prepayment may elect to re-  
16 main in the unit in which the family was  
17 residing on such date; and

18 “(ii) the owner of the project may not  
19 refuse to lease, to a family for whom  
20 voucher assistance under this paragraph is  
21 made available, any available rental dwell-  
22 ing unit in the project a proximate cause  
23 of which is the status of such family as a  
24 recipient of such assistance.

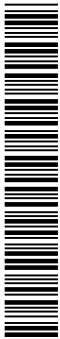


1           “(E) AMOUNT OF ASSISTANCE.—The  
2 amount of rental assistance provided under a  
3 voucher under this paragraph on behalf of a  
4 tenant shall be the amount by which—

5           “(i) the lesser of (I) the rent for the  
6 dwelling unit rented using such voucher,  
7 or (II) the rent for a comparable unit in the  
8 same market area as the housing project  
9 for which the loan was prepaid; exceeds

10          “(ii) the lesser of (I) the amount of  
11 rent paid by the tenant for the dwelling  
12 unit occupied by the tenant at the time of  
13 the prepayment referred to in paragraph  
14 (1), or (II) the amount equal to 30 percent  
15 of the tenant’s adjusted income (as such  
16 term is defined in section 3(b) of the  
17 United States Housing Act of 1937 (42  
18 U.S.C. 1437a(b)).

19          “(F) RURAL AFFORDABLE VOUCHER.—For  
20 communities with insufficient affordable hous-  
21 ing alternatives, and in the case of any elderly  
22 or disabled tenant who is eligible for a voucher  
23 under this paragraph and has a need to move  
24 to another community to be near immediate  
25 family or necessary medical services, as deter-

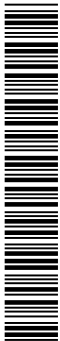


1           mined by the Secretary, voucher assistance  
2           under this paragraph may be provided in ac-  
3           cordance with section 8(t)(1) of the United  
4           States Housing Act of 1937 (42 U.S.C.  
5           1437f(t)(1)).

6           “(G) ADMINISTRATION.—To the maximum  
7           extent practicable, the Secretary shall admin-  
8           ister voucher assistance under this paragraph in  
9           accordance with, but not subject to, regulations  
10          and administrative guidance for housing vouch-  
11          ers administered by the Secretary of Housing  
12          and Urban Development under section 8 of  
13          such Act.

14          “(H) HOMEOWNERSHIP OPPORTUNI-  
15          TIES.—A voucher under this paragraph may be  
16          used by a tenant to make payments towards the  
17          purchase of a single-family home anywhere in  
18          the United States, subject to subsidy limits for  
19          vouchers under this title and the same limita-  
20          tions applicable under section 8(y) of the  
21          United States Housing Act of 1937 (42 U.S.C.  
22          1437f(y) to the use of tenant-based assistance  
23          under such section 8 for homeownership.

24          “(I) AUTHORIZATION OF APPROPRIA-  
25          TIONS.—There is authorized to be appropriated



1 for tenant protection vouchers under this  
2 paragraph—

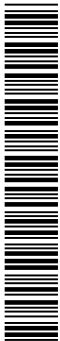
3 “(i) for fiscal year 2007, \$74,000,000;  
4 and

5 “(ii) for each of fiscal years 2008  
6 through 2011, the amount necessary to  
7 provide vouchers in each such fiscal year  
8 for all of the families identified in subpara-  
9 graph (A).

10 “(4) PREPAYMENT STANDARDS FOR PRE-1989  
11 LOANS.—In the case of a loan made or insured  
12 under section 515 pursuant to a contract entered  
13 into before December 15, 1989:

14 “(A) IN GENERAL.—Subject to subpara-  
15 graph (B), the Secretary shall approve any  
16 offer to prepay such a loan that meets the fol-  
17 lowing requirements:

18 “(i) The borrower under the loan has  
19 not been provided any assistance to extend  
20 low-income use pursuant to section  
21 502(c)(4) of this Act, as such section was  
22 in effect before the date of the enactment  
23 of the Saving America’s Rural Housing  
24 Act of 2006.





1                   “(ii) The loan was not at any time re-  
2                   stricted by servicing actions, including  
3                   transfers.

4                   “(iii) The 20-year period during which  
5                   the project is subject to use restrictions  
6                   under the loan has concluded.

7                   “(B) PROHIBITION.—The Secretary may  
8                   not approve any offer to prepay such a loan  
9                   during the 20-year period during which the  
10                  project is subject to use restrictions under the  
11                  loan.

12                  “(5) SALE RESTRICTIONS AND MARKETING AS-  
13                  SISTANCE.—

14                  “(A) SALE RESTRICTIONS.—During the  
15                  period that begins upon the owner providing no-  
16                  tice to the Secretary under paragraph (2)(B)  
17                  and having a duration of 75 days, the owner  
18                  may not sell the property except to a purchaser  
19                  who enters into such binding agreements for  
20                  purchase at market rates as the Secretary con-  
21                  siders necessary to continue the property use  
22                  restrictions with respect to the project in ac-  
23                  cordance with this title for a period of 20 years.  
24                  This paragraph may not be construed to pro-

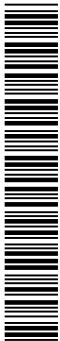


1           hibit an owner, during such period, from solie-  
2           iting or receiving any offers of sale or purchase.

3           “(B) MARKETING ASSISTANCE.—

4                   “(i) DATABASE OF POTENTIAL BUY-  
5           ERS.—The Secretary shall establish and  
6           maintain a database of potential buyers of  
7           projects with loans made under section  
8           515. Such database shall include only per-  
9           sons who have expressed an interest to the  
10          Secretary in purchasing such projects at  
11          fair market value and maintaining the  
12          projects for use as affordable housing.

13                   “(ii) PUBLIC NOTIFICATION OF PRE-  
14          PAYMENT.—Upon notification to the Sec-  
15          retary under paragraph (2)(B) regarding  
16          prepayment of a loan for a project, the  
17          Secretary shall make publicly available, on  
18          the appropriate World Wide Web site of  
19          the Department or by other appropriate  
20          electronic method, including individual no-  
21          tification, a notice containing information  
22          sufficient, in the determination of the Sec-  
23          retary, to notify persons with an interest in  
24          purchasing the project of the prepay-  
25          ment.”.



1 **SEC. 4. CONFORMING AMENDMENTS TO TITLE V OF THE**  
2 **HOUSING ACT OF 1949.**

3 Title V of the Housing Act of 1949 is amended—

4 (1) in section 502(b)(2) (42 U.S.C.  
5 1472(b)(2))—

6 (A) by striking “or 515”; and

7 (B) by inserting before the semicolon at  
8 the end the following: “and any prepayment of  
9 a loan made or insured under section 515 shall  
10 be subject to the provisions of subsection (i)”;  
11 and

12 (2) in section 537(b)(1) (42 U.S.C. 1490p–  
13 1(b)(1)), by inserting before the semicolon the fol-  
14 lowing: “ and to administer the revitalization pro-  
15 gram under section 544”.

16 **SEC. 5. EFFECTIVE DATE.**

17 This Act and the amendments made by this Act shall  
18 take effect on October 10, 2007.

